

Select Committee on Pension Policy

P.O. Box 40914
Olympia, WA 98504-0914
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Executive Committee

October 19, 2004

9:30 - 10:00 AM

1:00 - 2:30 PM

Senate Conference Room A-B-C, Olympia

AGENDA

- (A) **Today's Full Committee Meeting**
– Age 65 Retirement Subgroup Report
- (B) **Purchasing Power Subgroup Report**
– Representative Fromhold
- (C) **Opt In/Opt Out, Age 70-1/2 Subgroup Report**
– Rep. Alexander, Rep. Fromhold, Mr. Goeke, Elaine Banks
- (D) **Deferred Rate Increases**
– Matt Smith, State Actuary
- (E) **November Meeting Date and Agenda**
- (F) **State Actuary Evaluation Team Report**
– Senator Fraser and Mr. Goeke

Representative Gary Alexander

Elaine M. Banks
TRS Retirees

Marty Brown, Director*
Office of Financial Management

Senator Don Carlson

John Charles, Director
Department of Retirement Systems

Representative Steve Conway*
Vice Chair

Richard Ford
PERS Retirees

Senator Karen Fraser*
Chair

Representative Bill Fromhold

Leland A. Goeke*
TRS and SERS Employers

Bob Keller
PERS Actives

Corky Mattingly
PERS Employers

Doug Miller
PERS Employers

Glenn Olson
PERS Employers

Representative Larry Crouse

Diane Rae
TRS Actives

Senator Debbie Regala

J. Pat Thompson
PERS Actives

David Westberg*
SERS Actives

***Executive Committee**

(360) 753-9144
Fax: (360) 586-8135
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Select Committee on Pension Policy

SCPP Subgroup Membership

(September 8, 2004)

PFC Subgroup:

Senator Karen Fraser
Representative Steve Conway, Subgroup Chair
Representative Bill Fromhold
Cassandra de la Rosa
Lee Goeke
Glenn Olson
Randy Parr
Pat Thompson

Age 65 Retirement Subgroup:

Senator Karen Fraser
Representative Steve Conway
Representative Bill Fromhold
Cassandra de la Rosa
Lee Goeke
Glenn Olson
Randy Parr
Pat Thompson

Purchasing Power Subgroup:

Senator Don Carlson
Senator Karen Fraser
Representative Bill Fromhold, Subgroup Chair
Elaine Banks
Jim Justin
Lynn Maier
Leslie Main

Opt In/Opt Out, Age 70 1/2 Subgroup:

Representative Gary Alexander
Representative Bill Fromhold
Lee Goeke
Elaine Banks

2005 Extended School Year Subgroup:

Lee Goeke
Diane Rae
DRS representative

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DRAFT MINUTES EXECUTIVE COMMITTEE MEETING

September 7, 2004

The Select Committee on Pension Policy met in Senate Conference Room A-B-C, Olympia, Washington on September 7, 2004.

Executive Committee members attending:

Senator Fraser, Chair
Representative Conway, Vice-Chair
Leland Goeke
David Westberg

Other members attending the morning session:

Representative Alexander
Elaine Banks
Senator Carlson
Representative Fromhold
Corky Mattingly
Doug Miller
Glenn Olson
Diane Rae
Maureen Westgard attending for John Charles

Senator Fraser, Chair, called the meeting to order at 9:30 AM.

(A) Personnel Issues

Senator Fraser announced that Richard Ford had resigned to accept an appointment to the Transportation Commission. Since Mr. Ford was a member of the State Actuary Appointment Committee a replacement would need to be appointed. She asked members for recommendations.

(B) Executive Committee Action Before Full Committee Meeting

PFC Subgroup Report and Deferred Rate Increases:

Matt Smith, State Actuary, reviewed the "PFC Subgroup Report" and the "Deferred Rate Increases" report. Committee members discussed these issues.

Representative Gary Alexander

Elaine M. Banks
TRS Retirees

Marty Brown, Director*
Office of Financial Management

Senator Don Carlson

John Charles, Director
Department of Retirement Systems

Representative Steve Conway*
Vice Chair

Representative Larry Crouse

Richard Ford
PERS Retirees

Senator Karen Fraser*
Chair

Representative Bill Fromhold

Leland A. Goeke*
TRS and SERS Employers

Bob Keller
PERS Actives

Corky Mattingly
PERS Employers

Doug Miller
PERS Employers

Glenn Olson
PERS Employers

Diane Rae
TRS Actives

Senator Debbie Regala

J. Pat Thompson
PERS Actives

David Westberg*
SERS Actives

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It was moved that the Executive Committee recommend to the Full Committee that the SCPP recommend that the PFC adopt the preliminary 2005-07 contribution rates, as calculated by the State Actuary, including the cost of recognizing the liability associated with future gain-sharing benefits. Seconded.

MOTION CARRIED

OSA Budget:

Matt Smith, State Actuary, presented the "2005-07 OSA Budget Request" handout. Members discussed the request.

The meeting adjourned at 9:55 AM to attend the Full Committee meeting.

The meeting was called to order at 12:30 PM.

Executive Committee members attending:

Senator Fraser, Chair
Representative Conway, Vice-chair
Leland Goeke
David Westberg
Maureen Westgard attending for John Charles

Other members attending the afternoon session:

Representative Alexander
Elaine Banks
Senator Carlson
Representative Fromhold
Corky Mattingly
Glenn Olson
Diane Rae

(C) Action on Today's Issues

Age 65 Retirement:

Members discussed this issue and staff was instructed to provide a handout with costs for the October Full Committee Agenda.

The meeting adjourned at 1:00 for lunch.

The meeting resumed at 1:30 PM.

Retiree Health Insurance:

Committee members discussed this issue. They decided the Purchasing Power subgroup would study it and report at the October Executive Committee meeting.

The following people testified:

Leslie Main, Washington State School Retirees Association

Steve Nelsen, LEOFF 2 Board

(D) Interruptive Military Service Credit

Laura Harper, Senior Research Analyst Legal, reported on the "Military Service Credit" report.

Steve Nelsen, LEOFF 2 Retirement Board, also spoke on this issue.

Representative Conway requested staff to draft bill language and schedule Interruptive Military Service Credit for the October Full Committee meeting.

(E) SCPP Executive Committee Membership

Laura Harper, Senior Research Analyst Legal, reviewed the "Executive Committee Membership" handout. Staff was instructed to draft bill language and schedule this issue for the October Full Committee meeting.

(F) Post-retirement Employment Subgroup Report

Representative Fromhold reviewed the "Post-retirement Employment Bill Comparison" table, and after members discussed this issue, staff was instructed to draft bill language on Draft E and schedule for the October Full Committee meeting.

Dave Nelsen, Department of Retirement Systems spoke on Draft E.

(G) 2005 Subgroup: Extended School Year

The members on this subgroup are: Lee Goeke, Elaine Banks, Diane Rae and a member from DRS.

Staff was asked to poll the SCPP members regarding changing the November meeting date from November 9th to another date in November.

(H) Personnel Issues

A State Actuary Evaluation Committee was established. The members on the State Actuary Evaluation Committee are Senator Fraser and Leland Goeke.

The meeting adjourned at 3:00 PM.

Select Committee on Pension Policy

Purchasing Power Subgroup Report

(September 8, 2004)

The Purchasing Power/Gain Sharing subgroup of the SCPP met in Senate Conference Room A-B-C, Olympia, Washington on September 7, 2004.

Subgroup members attending:

Senator Carlson
Senator Fraser
Representative Fromhold, Subgroup Chair
Elaine Banks
Jim Justin
Lynn Maier
Leslie Main
Randy Parr

Meeting Summary

Representative Fromhold, Subgroup Chair, called the meeting to order and the subgroup members discussed the issues forwarded to the subgroup from the Executive Committee. The subgroup identified the following four issues for study:

- gain-sharing benefits and prefunding;
- PERS 1 and TRS 1 COLAs and/or loss of purchasing power;
- retiree health care; and
- revisions to the existing \$1,000 alternate minimum benefit.

Initial Work Plan

The subgroup directed staff to cost revisions to the existing \$1,000 alternate minimum benefit as proposed in the September 3, 2004 letter from the Retired Public Employees Council of Washington to Senator Fraser, Chair of the SCPP.

Matt Smith, State Actuary, suggested that staff also provide cost estimates for a "Rule of 45 - years retired plus years of service" eligibility for the alternate minimum benefit.

The subgroup requested that staff contact the Health Care Authority (HCA) concerning cost estimates on the following three retiree health care proposals:

- establish a permanent level of explicit subsidy for Medicare eligible retirees covered under the PEBB retiree insurance program; proposal could include a ceiling on future rates of annual growth in the explicit subsidy;
- open the enrollment in the PEBB retiree insurance program for Plan 2 members who have separated from service after age 55 with at least 10 years of service - regardless of whether the Plan 2 member is currently in receipt of a PERS 2 retirement allowance; and
- provide a one-time open enrollment period under the PEBB retiree insurance program for all eligible retirees who did not opt for coverage under the initial enrollment period.

Staff will work with the HCA to identify and mitigate areas of high cost or anti-selection in the above proposals and report back to the subgroup at the next meeting.

Lastly, the subgroup directed staff to isolate the cost of prefunding future gain-sharing benefits in PERS 1 and TRS 1 from the cost associated with future Plan 3 gain-sharing benefits. Staff was also directed to seek an informal advice request from the Attorney General's office concerning the contractual obligation associated with future gain-sharing benefits and whether the value of future gain-sharing benefits could be replaced with a benefit of equivalent value outside of the pension plan (i.e., health care benefit).

Next Meeting

October 19, 2004, following the completion of the Executive Committee meeting.

Select Committee on Pension Policy

Deferred Rate Increases

(October 13, 2004)

Issue

The Pension Funding Council (PFC) subgroup of the SCPP proposed a 6-year phase-in of projected employer and plan 2 member contribution rates. Additionally, a permanent contribution rate floor would be established at the completion of the 6-year phase-in period.

Staff

Matt Smith, State Actuary
360-753-9144

Members Impacted

All employers and plan 2 members of the Public Employees Retirement System (PERS), Teachers Retirement System (TRS) and the School Employees' Retirement System (SERS) would be impacted. As of September 30, 2003, there were 146,403 plan 2 members in PERS, TRS and SERS. Of this combined total, 117,262 are PERS Plan 2 members.

Current Situation

Provisions governing the current contribution rate setting process are codified under the Actuarial Funding Chapter - Chapter 41.45 RCW. In summary, these provisions provide for the systematic actuarial funding of the state retirement systems. Biennial actuarial valuations performed on odd-year valuation dates are the basis for contribution rate recommendations to the Pension Funding Council (PFC). Contribution rates adopted by the PFC in September of even-numbered years, referred to as "basic rates," are effective during

the ensuing biennium subject to revision by the Legislature. Temporary and “supplemental rates” are charged in addition to the basic rates to fund the cost of benefit enhancements that are granted by the Legislature in between the 2-year basic rate cycles.

History

The Pension Funding Reform Act, Chapter 273, Laws of 1989, established a systematic actuarial funding process for the state retirement systems. Contribution rates under the initial Funding Reform Act were scheduled to remain in place for a 6-year period. Additionally, the current funding policy was established including the goal to fully amortize the plan 1 unfunded liability by June 30, 2024. Prior to the Funding Reform Act, pension contributions were subject to a discretionary appropriation by the Legislature.

Projected Contribution Rates

Projected Employer Contribution Rates*

System	Current	2005-07	2007-09	2009-11
PERS	1.18%	5.73%	7.28%	8.44%
TRS	1.17%	6.74%	10.15%	12.73%
SERS	0.85%	7.56%	9.45%	10.69%

** Includes the cost of prefunding the liability for existing gain-sharing benefit provisions.*

Projected Plan 2 Member Contribution Rates*

System	Current	2005-07	2007-09	2009-11
PERS	1.18%	3.38%	4.27%	4.89%
TRS	0.87%	2.48%	4.01%	5.01%
SERS	0.85%	3.51%	4.68%	5.39%

** The member contribution rate in PERS and TRS Plan 1 is fixed at 6%. Plan 3 members do not contribute to the defined benefit portion of their plan.*

PFC Subgroup Proposal

The PFC subgroup of the SSCP proposed a 6-year phase-in of projected employer and plan 2 member contribution rates. Additionally, a permanent contribution rate floor would be established at the completion of the 6-year phase-in period.

Proposed Employer Rates Under 6-Year Phase-In

Employer Rates With Phase-In

Period	PERS	TRS	SERS
2005-06	4.25%	5.00%	6.00%
2006-07	5.25%	6.75%	7.00%
2007-08	6.25%	8.75%	8.50%
2008-09	7.25%	10.75%	10.00%
2009-11	8.44%	12.73%	10.69%
Ultimate Rate*	9.47%	14.59%	11.71%

** The ultimate rate is the maximum projected employer contribution rate for the 25-year period.*

Employer Rates Without Phase-In

Period	PERS	TRS	SERS
2005-06	5.73%	6.74%	7.56%
2006-07	5.73%	6.74%	7.56%
2007-08	7.28%	10.15%	9.45%
2008-09	7.28%	10.15%	9.45%
2009-11	8.44%	12.73%	10.69%
Ultimate Rate*	9.11%	14.28%	11.37%

** The ultimate rate is the maximum projected employer contribution rate for the 25-year period.*

Proposed Plan 2 Member Rates Under 6-Year Phase-In

Plan 2 Member Rates With Phase-In

Period	PERS	TRS	SERS
2005-06	2.75%	2.00%	2.75%
2006-07	3.25%	2.75%	3.25%
2007-08	3.75%	3.50%	4.25%
2008-09	4.25%	4.25%	5.25%
2009-11	4.89%	5.01%	5.39%
Ultimate Rate*	5.35%	5.61%	5.83%

** The ultimate rate is the maximum projected member contribution rate for the 25-year period.*

Plan 2 Member Rates Without Phase-In

Period	PERS	TRS	SERS
2005-06	3.38%	2.48%	3.51%
2006-07	3.38%	2.48%	3.51%
2007-08	4.27%	4.01%	4.68%
2008-09	4.27%	4.01%	4.68%
2009-11	4.89%	5.01%	5.39%
Ultimate Rate*	5.18%	5.53%	5.68%

** The ultimate rate is the maximum projected member contribution rate for the 25-year period.*

Policy Analysis

The proposed phase-in of projected contribution rate increases would represent a temporary departure from existing funding policy and would require a statutory change to the existing funding policy defined under Chapter 41.45 RCW - Actuarial Funding of State Retirement Systems. Employer and plan 2 member contribution rates would drop below the amounts necessary to fully fund the plans 2/3 under the aggregate funding method during the phase-in period and then increase thereafter. Contributions to amortize the unfunded prior service costs in PERS 1 and TRS 1 during the phase-in period would also drop below the amounts that would otherwise be required and increase thereafter. The amortization date for the Plans 1, however, would remain unchanged.

This proposal is consistent with the existing policy that states that employer contribution rates should be predictable and remain a relatively constant proportion of future state budgets. This proposal would establish a fixed schedule of increasing contribution rates for a 6-year period, thereby increasing predictability, and would smooth out the impact of projected rate increases on future state and local government budgets. The addition of a permanent contribution rate floor at the completion of the phase-in period is also consistent with this policy – increasing the stability and predictability of future contribution rates.

This proposal is inconsistent with the existing policy to fund all Plan 2/3 benefits over the working lives of those members so that the cost of those benefits are paid by the taxpayers who receive the benefit of those members' service, and would be a first-time departure from this policy. The proposal would effectively borrow plan assets in the short-term as a means of financing a schedule of deferred rate increases during the phase-in period - without permanently modifying existing funding policy. This would result in short-term savings, followed by a long-term cost.

Estimated Fiscal Impact

Increase in Projected Funding Expenditures

<i>(\$ in millions)</i>	GF-S	Non GF-S (State)	Local Government	Total Employer
2005-07				
PERS	\$ (35.8)	\$ (59.0)	\$ (84.0)	\$ (178.8)
TRS	(66.4)	0.0	(13.6)	(80.0)
SERS	(18.4)	0.0	(16.3)	(34.7)
Total Employer	\$ (120.6)	\$ (59.0)	\$ (113.9)	\$ (293.5)
2007-09				
PERS	\$ (19.6)	\$ (32.4)	\$ (46.1)	\$ (98.1)
TRS	(36.5)	0.0	(7.5)	(44.0)
SERS	(3.2)	0.0	(2.9)	(6.1)
Total Employer	\$ (59.3)	\$ (32.4)	\$ (56.5)	\$ (148.2)

(\$ in millions)	GF-S	Non GF-S (State)	Local Government	Total Employer
2009-11*				
PERS	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
TRS	(4.0)	0.0	(0.8)	(4.8)
SERS	(0.5)	0.0	(0.4)	(0.9)
Total Employer	\$ (4.5)	\$ 0.0	\$ (1.2)	\$ (5.7)
25 Year				
PERS	\$ 73.1	\$ 120.7	\$ 171.9	\$ 365.7
TRS	143.0	0.0	29.3	172.3
SERS	35.2	0.0	31.2	66.4
Total Employer	\$ 251.3	\$ 120.7	\$ 232.4	\$ 604.3

*2007-09 rate increases for TRS and SERS are effective 9/1/2007 through 8/31/2009.

The proposed schedule of future rate increases should be adjusted for any significant divergence between actual and assumed experience - including the cost of any future benefit enhancements.

The estimated fiscal impact is based on the proposed schedule of rate increases presented in this paper. Costs were developed using the same membership data, methods, assets and assumptions as those used in preparing the September 30, 2002 actuarial valuation report and using preliminary contribution rates from the 2003 actuarial valuation. The cost of adding a permanent contribution rate floor is not reflected.

The proposed schedule of future rate increases was developed under an actuarial projection of assets and liabilities. The emerging costs of the affected systems will vary from what is displayed in this paper to the extent that actual experience differs from that projected under the current actuarial assumptions.

This proposal assumes a fixed schedule of increasing contribution rates and a permanent contribution rate floor at the completion of the phase-in period. However a current Legislature cannot obligate a future Legislature for contribution rate increases that would impact a future biennial budget. The proposed schedule of future contribution rate increases, if approved by the 2005 Legislature, could be amended by a future Legislature. If the minimum funding requirements set forth in the schedule were not honored by future Legislatures, the costs in the tables above could be understated.

Revised Proposal

The PFC subgroup directed the State Actuary to revise the original proposal to address the following concerns:

- The increases in the ultimate employer and member contribution rates by deferring contribution rate increases beyond the phase-in period; and
- The insufficient deferral of rate increases during the first year of the schedule for local government employers under PERS.

The revised proposal eliminates the increases in the ultimate employer and member rates by not deferring rate increases beyond the 4-year phase-in period. In other words, on a present value basis, the deferral of rate increases during the first biennium is offset by rate increases during the second biennium.

Additionally, the revised proposal provides a significant deferral of contribution rate increases for PERS employers and Plan 2 members during the first year of the proposed schedule. However, this significant deferral in year one is followed by significant increases during the third and fourth year of the schedule.

Proposed Employer Rates Under 4-Year Phase-In

Employer Rates With Phase-In

Period	PERS	TRS	SERS
2005-06	2.50%	5.46%	4.70%
2006-07	5.50%	7.21%	7.75%
2007-08	8.25%	9.57%	10.01%
2008-09	9.96%	11.62%	12.03%
2009-11	8.44%	12.73%	10.69%
Ultimate Rate*	9.11%	14.28%	11.37%

** The ultimate rate is the maximum projected employer contribution rate for the 25-year period.*

Employer Rates Without Phase-In

Period	PERS	TRS	SERS
2005-06	5.73%	6.74%	7.56%
2006-07	5.73%	6.74%	7.56%
2007-08	7.28%	10.15%	9.45%
2008-09	7.28%	10.15%	9.45%
2009-11	8.44%	12.73%	10.69%
Ultimate Rate*	9.11%	14.28%	11.37%

* The ultimate rate is the maximum projected employer contribution rate for the 25-year period.

Proposed Plan 2 Member Rates Under 4-Year Phase-In

Plan 2 Member Rates With Phase-In

Period	PERS	TRS	SERS
2005-06	1.75%	1.75%	2.25%
2006-07	3.25%	2.75%	3.50%
2007-08	4.75%	3.75%	4.75%
2008-09	5.64%	4.77%	5.95%
2009-11	4.89%	5.01%	5.38%
Ultimate Rate*	5.18%	5.53%	5.68%

* The ultimate rate is the maximum projected member contribution rate for the 25-year period.

Plan 2 Member Rates Without Phase-In

Period	PERS	TRS	SERS
2005-06	3.38%	2.48%	3.51%
2006-07	3.38%	2.48%	3.51%
2007-08	4.27%	4.01%	4.68%
2008-09	4.27%	4.01%	4.68%
2009-11	4.89%	5.01%	5.38%
Ultimate Rate*	5.18%	5.53%	5.68%

* The ultimate rate is the maximum projected member contribution rate for the 25-year period.

Estimated Fiscal Impact - Revised Proposal

Increase in Projected Funding Expenditures

<i>(\$ in millions)</i>	GF-S	Non GF-S (State)	Local Government	Total Employer
2005-07				
PERS	\$ (55.9)	\$ (92.3)	\$ (131.5)	\$ (279.7)
TRS	(29.4)	0.0	(6.0)	(35.4)
SERS	(23.5)	0.0	(20.8)	(44.3)
Total Employer	\$ (108.8)	\$ (92.3)	\$ (158.3)	\$ (359.4)
2007-09				
PERS	\$ 68.6	\$ 113.2	\$ 161.3	\$ 343.1
TRS	27.6	0.0	5.7	33.3
SERS	24.3	0.0	21.5	45.8
Total Employer	\$ 120.5	\$ 113.2	\$ 188.5	\$ 422.2
2009-11*				
PERS	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
TRS	11.5	0.0	2.3	13.8
SERS	4.9	0.0	4.3	9.2
Total Employer	\$ 16.4	\$ 0.0	\$ 6.6	\$ 23.0
25 Year				
PERS	\$ 12.7	\$ 20.9	\$ 29.8	\$ 63.4
TRS	9.8	0.0	2.0	11.8
SERS	5.6	0.0	5.0	10.6
Total Employer	\$ 28.1	\$ 20.9	\$ 36.8	\$ 85.8

*2007-09 rate increases for TRS and SERS are effective 9/1/2007 through 8/31/2009.

Contribution Rate Floor

The PFC subgroup recommended the adoption of a permanent contribution rate floor at the completion of any phase-in period. The following proposed contribution rate floor is consistent with, and could serve as an alternative to, the recommendation provided under the previous committee issue paper "Contribution Rate Setting - July 2, 2004." The minimum Plan 2/3 normal cost rate would apply equally to both employers and Plan 2 employees, and once the Plan 1 UAAL is completely amortized, the Plan 2/3 normal cost would become the minimum contribution rate for employers as well.

Minimum Contribution Rates after June 30, 2009

System	Plan 2/3 Normal Cost	Plan 1 UAAL	Total Employer
PERS	4.00%	2.75%	6.75%
TRS	5.00%	5.75%	10.75%
SERS	4.25%	2.75%*	7.00%

* Contribution to the PERS 1 unfunded liability.

Select Committee on Pension Policy

November Meeting Planner

(August 9, 2004)

EXECUTIVE COMMITTEE AGENDA

(A)

(B)

(C)

FULL COMMITTEE AGENDA

(1) Plan 3 Vesting

(2) Part-time ESAs

(3) Technical Corrections

(4) Contribution Rate Setting/Deferred Rate Increases

(5)

(6)

SCPP November Meeting Dates

Date	Yes	No
November 2	Rae, Fraser, Keller, Regala, Alexander; Goeke, Crouse	Charles, Corky, Carlson, Brown, Conway, Miller, Thompson, Westberg, Banks' Fromhold
November 9	Rae, Charles, Fraser, Corky, Brown, Keller, Conway, Regala, Alexander, Miller, Thompson, Westberg, Banks, Goeke, Crouse, Fromhold	Carlson
November 10	Fraser, Corky, Carlson, Keller Miller, Thompson, Crouse, Fromhold, Banks	Rae, Charles, Brown, Conway, Regala, Alexander, Westberg, Goeke
November 11 HOLIDAY	Rae, Fraser, Corky, Carlson, Thompson, Westberg, Fromhold, Crouse, Banks	Charles, Brown, Conway, Regala, Keller, Miller, Goeke
November 22	Charles, Fraser(?), Brown, Conway, Regala, Alexander, Fromhold, Crouse	Rae, Fraser(?)Corky, Brown, Carlson, Keller, Miller, Thompson, Westberg, Banks, Goeke
November 23	Charles, Fraser(?),Brown, Conway, Regala, Alexander, Miller, Westberg, Crouse	Rae, Fraser(?), Corky, Brown, Carlson, Keller, Thompson, Fromhold, Banks, Goeke
November 24	Fraser(?), Corky, Carlson, Regala, Alexander, Miller, Westberg, Crouse	Rae, Charles. Fraser(?), Brown, Keller, Conway, Thompson, Goeke, Banks

Select Committee on Pension Policy

Actuary Performance Evaluation

(November 12, 2003)

The State Actuary Appointment Committee has the statutory authority to review the performance and make adjustments to the pay of the State Actuary. The State Actuary Appointment Committee consists of:

- Chairs and ranking minority members of the Senate Ways and Means Committee and the House Appropriations Committee; plus
- Four members of the Select Committee on Pension Policy (SCPP) appointed jointly by the Chair and Vice Chair of the SCPP.

The SCPP Executive Committee will conduct a review of the State Actuary's performance and relay it to the State Actuary Appointment Committee with recommendations for pay adjustments, as deemed appropriate. The review will take place at least once every two employment anniversaries of the State Actuary or as requested by the Chair of the SCPP.

In conducting the review, the Executive Committee of the SCPP or their designee will:

- Review the statutory responsibilities of the Office of the State Actuary (OSA);
- Request a self-performance evaluation, including future goals and development activities from the State Actuary;
- Develop a list of feedback sources which may include OSA staff, SCPP members, Directors of the Department of Retirement Systems and Office of Financial Management, Chairs and/or staff of the legislative fiscal committees and the Executive Director of the LEOFF 2 Board;
- Solicit written feedback from feedback sources;
- Meet with the State Actuary to share feedback and overall performance evaluation.
- Relay the results of the performance evaluation and any recommendations regarding performance and/or pay adjustments to the members of the State Actuary Appointment Committee.